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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF UTAH**

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

DIGITAL LICENSING INC. (d/b/a “DEBT Box”), a Wyoming corporation; JASON R. ANDERSON, an individual; JACOB S. ANDERSON, an individual; SCHAD E. BRANNON, an individual; ROYDON B. NELSON, an individual; JAMES E. FRANKLIN, an individual; WESTERN OIL EXPLORATION COMPANY, INC., a Nevada corporation; RYAN BOWEN, an individual; IX GLOBAL, LLC, a Utah limited liability company; JOSEPH A. MARTINEZ, an individual; BENJAMIN F. DANIELS, an individual; MARK W. SCHULER, an individual; B & B INVESTMENT GROUP, LLC (d/b/a “CORE 1 CRYPTO”), a Utah limited liability company; TRAVIS A. FLAHERTY, an individual; ALTON O. PARKER, an individual; BW HOLDINGS, LLC (d/b/a the “FAIR PROJECT”), a Utah limited liability company; BRENDAN J. STANGIS, an individual; and MATTHEW D. FRITZSCHE, an individual;

Defendants,

ARCHER DRILLING, LLC, a Wyoming limited liability company; BUSINESS FUNDING SOLUTIONS, LLC, a Utah limited liability company; BLOX LENDING, LLC, a Utah limited liability company; CALMFRITZ HOLDINGS, LLC, a Utah limited liability company; CALMES & CO, INC., a Utah corporation; FLAHERTY ENTERPRISES, LLC, an Arizona limited liability company; IX

**JOINT STATUS REPORT**

Case No. 2:23-cv-00482-RJS

Chief Judge Robert J. Shelby

Magistrate Judge Dustin B. Pead

VENTURES FZCO, a United Arab Emirates company; PURDY OIL, LLC, a Nebraska limited liability company; THE GOLD COLLECTIVE LLC, a Utah limited liability company; and UIU HOLDINGS, LLC, a Delaware limited liability company,

Relief Defendants.

Plaintiff Securities and Exchange Commission (“SEC”) and Defendants and Relief Defendants other than James E. Franklin, Western Oil Exploration Company, Inc., Purdy Oil, LLC, and Archer Drilling, LLC, and Defendants iX Global, LLC, Joseph A. Martinez, and Travis Flaherty (“iX Global Defendants”), and Relief Defendants iX Ventures FZCO and Flaherty Enterprises, and Ryan Bowen (collectively, “Defendants,” and together with the SEC, “Parties”),<sup>1</sup> by and through their undersigned counsel, respectfully submit this Joint Status Report (“Status Report”), pursuant to the Court’s December 28, 2023 Notice of Hearing (ECF No. 245), setting forth the status of the case and proposed agenda for the upcoming Status Conference on February 5, 2024.

### **STATUS OF THE CASE**

All Defendants and Relief Defendants have been served or waived service of the Complaint. All Defendants and Relief Defendants have answered or otherwise responded to the Complaint except the following: (i) **James Franklin**, whose deadline to respond is February 1, 2024, per Dkt. 208; (ii) **Western Oil**, whose deadline to respond was October 13, 2023 per Dkt.

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<sup>1</sup> Defendants James E. Franklin and Western Oil Exploration Company, Inc. and Relief Defendants Purdy Oil, LLC and Archer Drilling, LLC have not appeared in this action.

187; (iii) **Archer Drilling, LLC**, whose deadline to respond was October 13, 2023 per Dkt. 187; and (iv) **Purdy Oil, LLC**, whose deadline to respond was October 13, 2023 per Dkt. 187.<sup>2</sup>

The following are pending before this Court: (1) the Court's Order to Show Cause Why the Court Should Not Impose Sanctions (ECF No. 215); (2) certain Defendants and Relief Defendants' Motions to Dismiss (ECF Nos. 182, 191, 192, 193, 196, 197, 232); and (3) Status Reports of the DEBT Box Defendants and the Receiver regarding the outstanding receivership issues (ECF Nos. 198, 200, 202, 203).

### **1. Show Cause Order**

On November 30, 2023, the Court issued its Order to Show Cause. ECF No. 215. The SEC filed its Response on December 21, 2023. ECF No. 233. Certain of the Defendants and Relief Defendants filed their replies on January 12, 2024. ECF No. 246, 247, 248. On January 17, 2024, the SEC filed a motion for leave to file a sur-reply on January 30, 2024 (ECF No. 255); the Defendants and Relief Defendants have advised the SEC that they do not oppose the leave request. The briefing Defendants and Relief Defendants respectfully request oral argument.

### **2. Motions to Dismiss the Complaint**

All Defendants other than Ryan Bowen, Calmes & Co, Inc. and Calmfritz Holdings, LLC filed Motions to Dismiss (ECF Nos. 182, 191, 192, 193, 196, 197, 232), which have been fully briefed except for the Motion to Dismiss filed by Relief Defendant IX Ventures FZCO (ECF No. 232) on December 19, 2023. The Court has scheduled a Motion Hearing for March 7, 2024.

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<sup>2</sup> The status of service and responses to the Complaint is submitted by the SEC.

### **3. Outstanding Receivership Issues (for the DEBT Box Defendants)**<sup>3</sup>

Pursuant to the October 6, 2023 Minute Order, which dissolved the TRO and the Receivership, counsel for the DEBT Box Defendants met and conferred with Temporary Receiver Josias Dewey (“Receiver”) to coordinate a plan for winding down the Receivership and directed the DEBT Box Defendants and the Receiver to file a joint or individual status report(s) updating the Court on the plan. Thereafter, counsel for the DEBT Box Defendants and the Receiver met and conferred, exchanged proposed plans for winding down the Receivership, and filed several status reports with the Court. *See* ECF No. 198 (Receiver’s First Status Report); ECF No. 200 (DEBT Box Defendants’ First Status Report); ECF No. 202 (Receiver’s Second Status Report); ECF No. 203 (DEBT Box Defendants’ Second Status Report). The DEBT Box Defendants and the Receiver, however, reached an impasse on several issues, which are outlined in the foregoing status reports, particularly in the second status reports of the DEBT Box Defendants and the Receiver. The DEBT Box Defendants believes that briefing will be necessary to resolve the impasse. The Receiver believes that the ripe issue before the Court is determining the party or parties responsible for payment of Receiver’s fees.

### **4. Status of Case as to Answering Defendant Ryan Bowen:**

The SEC named Ryan Bowen (“Bowen”) as a co-defendant in its Complaint filed July 26, 2023. (ECF 1.) Assets belonging to Ryan Bowen and his businesses were frozen, together with the other defendants’ assets, by the temporary restraining order (the “TRO”) entered July 28, 2023. (ECF 9.) The SEC served Bowen with the Complaint, TRO, and expedited discovery on August 9, 2023. (ECF 44.) Bowen filed his accounting of assets on August 14, 2023 and provided

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<sup>3</sup> This section of the Status Report is submitted by the DEBT Box Defendants only.

supplements to his accounting on August 15, and August 17, 2023. (ECF 60, 67, 80.) Bowen also responded to the SEC's discovery requests on an expedited basis. The SEC stipulated with Bowen to a temporary order regarding living expenses for Bowen and his businesses on August 25, 2023. (ECF 112.) After consultation with the Receiver appointed in this case, the SEC and Bowen then further stipulated to an order authorizing payment of certain expenses required to keep the Lazy Magnolia brewery in operation during this litigation, which this Court entered on September 29, 2023. (ECF 171.) The SEC produced documents to all defendants on September 29, 2023. This Court's Order on October 6, 2023 dissolved the asset freeze as to all defendants and related businesses. (ECF 187.) On October 13, 2023, Bowen filed his Answer to the Complaint denying all allegations of wrongdoing by him--including the allegations that Bowen participated in the scheme alleged to be conducted by the other defendants and the allegations that Bowen brokered sales of Debt Box node licenses for compensation. (ECF 195). Bowen has not submitted briefs relating to the pending motions to dismiss submitted by the Debt Box and iX Global defendants. Bowen has no further request to the Court at this time. Nonetheless, the Court's decisions on the pending motions and on its Order to Show Cause directed to the SEC have the potential to alter the litigation landscape in this case for all parties, Bowen included.

### **PROPOSED STATUS CONFERENCE AGENDA**

In light of the foregoing, outlined below are proposed agenda items for the February 5, 2024 Status Conference.

#### **Agenda Items Submitted by the DEBT Box Defendants**

- Outstanding Receivership issues, including briefing on the issue of the Parties' (including the SEC's) responsibility for payment of amounts incurred by the Receiver in connection

with and during the Receivership and whether, upon receipt of any Receiver's fee application, such amounts were reasonable and incurred for a proper purpose.

**Agenda Items Submitted by the Receiver**

- The Receiver submits the following: (1) briefing between the SEC and DEBT Box Defendants on the issue of responsibility for payment of amounts incurred by the Receiver in connection with and during the Receivership, whereby following this ruling, the Receiver will comply with appropriate next steps for finalizing payment; and (2) although it is the Receiver's position that the remaining outstanding issues set forth in his November 2, 2023 Status Report [Dkt #202] do not necessitate briefing to resolve, the Receiver stands willing to submit such briefing if the Court deems necessary.

**Agenda Items Submitted by the SEC**

- The SEC submits that discovery should begin. The SEC anticipates that the parties will require a significant amount of time to complete discovery due to a number of reasons, including the number of parties in this case, the need for international discovery, and the time required to trace digital assets. The SEC would like to discuss the timing for a Rule 16(b) Scheduling Conference and the related deadline for a Rule 26(f) conference that will permit discovery to commence. The SEC proposes a deadline of February 19, 2024, for a Rule 26(f) conference.

DATED this 17th day of January 2024.

Respectfully submitted,

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